

**United States Senate Committee Hearing
Revitalizing the Economy of South Louisiana
Monday, November 7, 2005**

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We are an oil and gas equipment manufacturer who was in the middle of the best sales year in our twenty-three year history. Our company had sixty employees churning out wellheads and related products in our plant located on the Harvey Canal in Jefferson Parish. Pre-Katrina our business had accounts receivable of nearly \$1,000,000 from sales of \$400,000 per month. However, after Katrina hit, our sales in September dropped to zero. In October, sales were \$80,000. The problem for my business is that for six weeks, the mail delivered no checks and while our customers are still giving us orders, we have no shop employees to fill them. We are down from 60 employees to 12 because we are having trouble making payroll. However, we have a facility full of materials and machinery that is sitting idle.

Suppliers put us on COD, core management employees had to be paid, and loan relationships had to be met. Deferments were later offered, but the auto drafts had already been taken. My community bank was underwater and is in no better shape than my business. The Small Business Administration (SBA) and its disaster loan program is our only way out of this situation. Three weeks after Katrina hit, our business attended a seminar at Southeastern University regarding the disaster procedure process. Our application for SBA disaster assistance went out one week later. Other than the reports we hear from SBA representatives at small business gatherings, we have heard nothing back from them. I have had three different prior loan relationships with the SBA and could not have built my company without their help. Their thoroughness and due diligence is to be applauded as a government agency really helping businesses in normal times. However, Katrina is anything but normal times. I have applied and been approved for normal SBA loans and they do a good job on those, but in this emergency situation, the SBA is failing me and my business.

I am an active member of several business organizations and have chaired several of them in the region. I cannot tell you how many struggling businesses are counting on “the Calvary” to arrive in time and help us. But, rather than seeing “the Calvary” come down here and help, instead the running joke is that SBA disaster funded loans are like UFO's. Everyone knows that they are out there and there have been sightings of some, but I do not know anyone who has actually seen one. That is why I was happy Louisiana started their bridge loan program. Although I have heard nothing back from the SBA for over a month, I applied for a bridge loan through the State of Louisiana program and got it within seven days. This program goes through local banks, so I just went into my local bank, a bank that knows my business and already has my credit history, and they got me a response quickly. That is how things should work, businesses need immediate capital to make repairs, make payroll and get back on their feet - in two to three months many of these businesses will be gone, maybe forever.

Let me contrast my experience with the Louisiana bridge loan program with my experience with the SBA disaster loan program. To date, we have received no acknowledgment that the SBA is even in receipt of my loan package, not to mention any word back as to when I can expect to get any funding. We knew to send our loan package certified mail, but how many business knew this? At a minimum, for the sake of customer service, the SBA should have an acknowledgment sharing some idea of the process and the length of time should have occurred. Perhaps, after receipt of a loan package, the SBA could arrange a timely site visit. This way they could have proof of a storefront to slow fraudulent claims, and then they could give an assessment of whether a re-building loan or life sustaining loan is needed.

Also, perhaps the SBA could allow businesses to use present banking relationships to help in the underwriting of the loan. Along the same lines, I suggest they use the local SBA office for greater input, as they know the local business and local landscape. Maybe they could form an “express line” process for prior SBA customers.

You already know these guys so maybe that could help in the future to get businesses with a history with the SBA their loans quicker. For the next disaster, this would help out affected communities. If some businesses get loans, this would help other businesses in the area while they are waiting for their loans to come through.

Another suggestion that I have is to provide online tracking of the status of your loan. This way you could track when it is received, when it is being processed, and when you could expect to hear something back. They have online banking, online package tracking, the SBA should allow businesses to track the process online as well. The current system is not providing us with any information, and more importantly any certainty. Our business is making day-to-day decisions based on the availability of funds. I applied for \$1, 500,000 and need some certainty. I have no idea if I will receive that amount or if I will get nothing. But at this point, given how things are going, I have to plan as if it will be nothing so my business, my family and my employees can get by. I do not have a clue on when the money is coming, if it's coming, so I cannot plan and cannot spend a dime. If I had some certainty, I could make a business plan but this is just crazy not having funds and any certainty as to how/when I can expect to hear back!

Thank you,

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